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OLYMPIA -- Gov. Gary Locke today released an updated supplemental budget proposal that reflects a restructured December transportation proposal, new caseload numbers, and other new information.

These changes net to \$1.6 million in proposed state General Fund spending and \$322 million in other funds. When combined with updates already proposed, the Governor's December supplemental proposal has been reduced by \$7.9 million in General Fund spending and increased \$318 million in other funds, primarily because of transportation.

The revised transportation plan grew out of three main factors, state budget officials said:

- The availability of Puget Sound Regional Council federal funds to support state transportation projects;
- A legal interpretation that revenue generated from the existing car rental tax may remain in transportation funds rather than revert to the General Fund, and
- The evolving consensus to use a limited amount of bonds for more immediate funding of construction and other projects.

Over three years, these changes result in an additional \$525 million for state and local highways and other transportation projects, adding to the \$550 million of transportation funding contained in the Governor's original supplemental proposal.

The updated proposal was released following the adoption of new revenue forecast by the state's Economic and Revenue Forecast Council showing an increase of \$115.5 million more for this biennium and 4.5 percent revenue growth in each of the following two fiscal years.

Nearly all of the General Fund expenditure increase is due to rising health costs and changes resulting from the February update in K-12 enrollment and other mandatory caseloads. Because the increases are offset by savings in other areas, total General Fund spending remains at below the December supplemental proposal, without exceeding the 601 expenditure lid or using any of the additional revenues identified in the new forecast.

“Like many families, the state finds that rising drug costs and the needs of aged and disabled family members are placing a growing strain on our”; Locke said.

Of the total increase, \$10 million is attributable to rising drug costs, while \$24.5 million is the result of more citizens without private health insurance relying on state safety net programs for their health care costs.

The Governor said his revised transportation proposal renews his commitment to safety by preserving and maintaining existing core services while providing additional funding for significant highway and passenger rail projects that provide for economic development and congestion relief.

The proposal is an interim solution to help protect the existing system while preserving options for pursuing long-term solutions for financing transportation needs following passage of Initiative 695 in November. "This plan is a short term bridge to allow the Blue Ribbon Commission time to develop and present their recommendations for addressing our transportation challenges during the next 20 years," the governor said.

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